

FLD
686

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

This Document contains information affecting the National Defense of the United States, within the meaning of Title 18, Sections 793 and 794, of the U.S. Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law. The reproduction of this form is prohibited.

CONFIDENTIAL/CONTROL - U.S. OFFICIALS ONLY
SECURITY INFORMATION

25X1A

COUNTRY	China	REPORT NO.	
SUBJECT	Chinese Communist Cash Control System	DATE DISTR.	18 August 1953
	25X1A	NO. OF PAGES	2
DATE OF INFO.	April 1953	REQUIREMENT NO.	RD
PLACE ACQUIRED		REFERENCES	

25X1X

1. In January 1952 the Chinese Communist cash control system, which had been established in March 1951, was extended to privately-owned commercial concerns and small urban shops, as well as government departments, public enterprises, and the armed forces to which it had formerly applied.
2. In April 1953 the provisions of the cash control system were as follows:
 - a. In areas of Chinese Communist banks or agencies, cash on hand in government departments, public enterprises, and the armed services was at no time to exceed the total cash required for sundry expenses incurred during a three-day period.
 - b. In areas of no Chinese Communist banks or agencies, cash on hand in government departments, public enterprises, and the armed services was at no time to exceed the total cash required for sundry expenses incurred during a one month period.
 - c. All trading units were to transfer money locally, between municipalities, and internationally by means of crossed checks unless the use of cash was specifically authorized. Neither party to a business transaction was authorized to pay, receive, transfer payment, or clear accounts. Transactions between privately-owned concerns which did not total over JMP 2,500,000 were permitted to be settled in cash; transactions in excess of JMP 2,500,000 were to be settled through checks authorizing bank transfer.
 - d. Government departments, public enterprises, and the armed services were authorized to open only one account for settlement purposes. The Cash Control Department was required to approve opening of two or more settlement accounts.
 - e. The following government departments established independent treasuries in bank houses: The Ministry of Finance, the Ministry of Trade, the Ministry of Railways, the Ministry of Heavy Industry, the Ministry of Fuel Industry, and the All China Federation of Labor. Departments which established

25X1A

CONFIDENTIAL/CONTROL - U.S. OFFICIALS ONLY

CONFIDENTIAL/CONTROL - U.S. OFFICIALS ONLY

- 2 -

independent treasuries were required to use special checks of the particular department when withdrawing cash.

- f. Privately-owned concerns were required to bank any cash surplus in excess of JMP 1,000,000 at the close of each business day.
- g. Families were authorized to hold cash not in excess of JMP 500,000 to defray daily living expenses; this provision however, was not rigidly enforced.
- h. JMP which was torn, oil-stained, water-stained, or charred could be exchanged at face value for new JMP provided that three-quarters of the area of the JMP note was unspoiled. JMP with a damaged area of more than one-third could be exchanged at one-half the face value for new JMP. JMP of denominations of less than JMP 2,500 could be circulated and used at one-half the face value even though one-half of the area of the JMP note was spoiled.

CONFIDENTIAL/CONTROL - U.S. OFFICIALS ONLY